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COTTON AND PRODUCTS ANNUAL

Annual 2009

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Report Highlights:

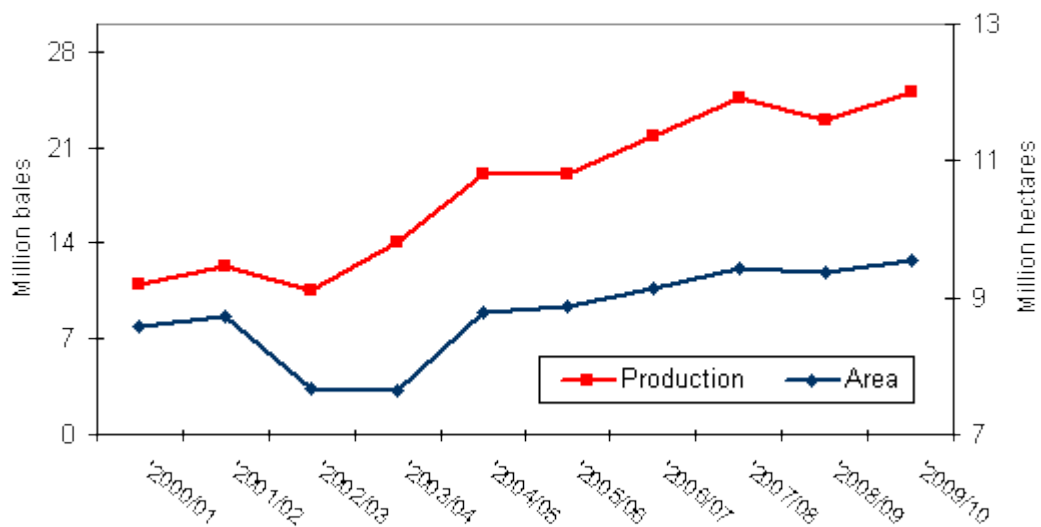
India's MY 2009/10 (August/July) cotton production is forecast to increase to a record 25.0 million U.S. bales on expected higher planted area and yields. Bt cotton coverage is expected to account for 87 percent of the forecast cotton area of 9.6 million hectares. Consumption is forecast to increase to 18.5 million bales on expected improvement in export and domestic demand for cotton textiles. Exports are forecast higher at a record 7.8 million bales; and imports at 390,000 bales, mostly extra long staple cotton.

Commodities:

Cotton

Production:

Figure 1: Cotton Area and Production

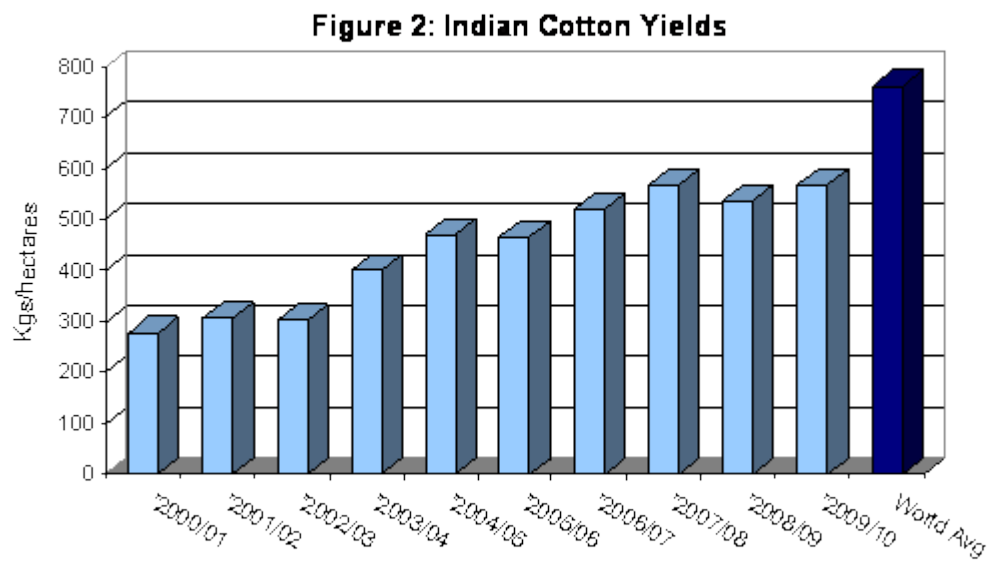


Assuming normal weather conditions, India's marketing year (MY) 2009/10 (August/July) cotton production is forecast to increase to a record 25.0 million bales (5.4 million tons) on

expected higher planted area and yields (see Table 1). Cotton area in MY 2009/10 is forecast to increase to a record 9.6 million hectares as cotton farmers this past year realized higher net returns vis-à-vis other competing crop because of the significant hike in the minimum support price (MSP) for seed cotton in MY 2008/09. Bt cotton is expected to account for about 87 percent of the total planted area. Assuming timely and well distributed monsoon rains and normal weather conditions, cotton yields are expected to increase to 567 kg per hectare, a six percent increase over last year's weather impacted crop.

Cotton, a predominantly monsoon-season crop, is planted from the end of April through September, and harvested in the fall and winter (Table 4B). Planting intentions are largely influenced by the relative price and profitability of cotton vis-à-vis competing crops (rice, guar, and fodder crops in the north; coarse grains, pulses, and sugarcane in the central region; and rice, tobacco, and chilies in the south). With farmers assured of the 'highly' remunerative MSP prices in the upcoming season, cotton area in most cotton growing states is forecast the same or slightly higher than last year. Strong end-season prices of competing crops (paddy, maize, soybean, and peanuts) will limit any major shift in area from competing crops to cotton (Table 3A). Assuming normal weather at planting time, cotton planting is forecast to expand by 2 percent over last year's area to 9.58 million hectares.

Cotton production has been a major success story in Indian agriculture as production more than doubled from 10.6 million bales in MY 2002/03 to a record 24.6 million bales in 2007/08. Cotton production in MY 2008/09 faltered on late planting due to a prolonged dry monsoon spell in July/August 2008. The latest cotton arrival estimates [1] indicate that MY 2008/09 production will reach 23.0 million bales [2] from 9.5 million hectares with the yield of 535 kg/hect. About 70 percent of total cotton production is accounted by the states of Gujarat, Maharashtra and Andhra Pradesh (Table 3A).



The production growth in recent years has been largely fueled by rapid gains in productivity as scope for area expansion is limited [3] . Cotton yields have nearly doubled from around 300 kg per hectare levels in the pre-2002/03 period to the recent 520-565 kg per hectare in the last three years. The rapid growth in yields can be attributed to introduction and expansion of Bt cotton and improved hybrid cotton varieties [4] , improved crop management practices [5] and overall favorable weather conditions in most of the growing states.

With the area under Bt cotton and improved varieties nearly peaking, the prospect for future growth in productivity is limited as most cotton is grown under rainfed conditions and on small size of land holdings [6] . Although potential exists for a further increase in yields, cotton farmers will have to invest more in production technologies for improved management of irrigation, fertilizers and micro nutrients and pests and diseases, i.e., move toward precision farming.

Riding on the expectation of the continued current growth trend, the government has set up an ambitious production target of 28.1 million bales (6.1 million tons) by 2010 [7] . Some industry sources estimate cotton production to peak around 27.0 million bales in the next 2-3 years.

Government Procurement Mounts on High MSP

In September 2008, the government raised the MSP price of different varieties of seed cotton by 26 to 48 percent over previous year when international cotton prices were high [8] . Since then, international cotton prices have crashed exerting downward pressure on

domestic cotton prices, but the 'artificially inflated' MSPs unrelated to the declining cotton prices constrained the private trade from making normal seed cotton purchases from the farmers. Consequently, government agencies like Cotton Corporation of India (CCI) and state marketing federations have been forced to buy large quantities of cotton compared to the previous years at the MSP [9] . While government procurement may have helped stabilized domestic cotton prices, Indian cotton became uncompetitive in the international market.

Industry sources report that government agencies have procured about 9.6 million bales by April 5, 2009, nearly half of the total cotton arrivals. While government agencies had been selling cotton at market prices, unrelated to the cost of procurement and processing, sales had been very poor initially. In order to liquidate the ballooning stocks, the CCI announced a bulk discount scheme, offering a discount of \$23 to \$29 per ton on the ruling market price and other benefits for buyers purchasing cotton in bulk quantities of 10,000 bales and above (see Cotton Quarterly Update March IN9028). Industry sources report that CCI and marketing federations have been able to sell about 5.1 million bales, but still have about 4.5 million bales of unsold cotton. With the domestic cotton prices improving, CCI has been slow in offering cotton for sale in the recent weeks. Industry sources report that government agencies may procure about 10.5 million bales by the end of the season.

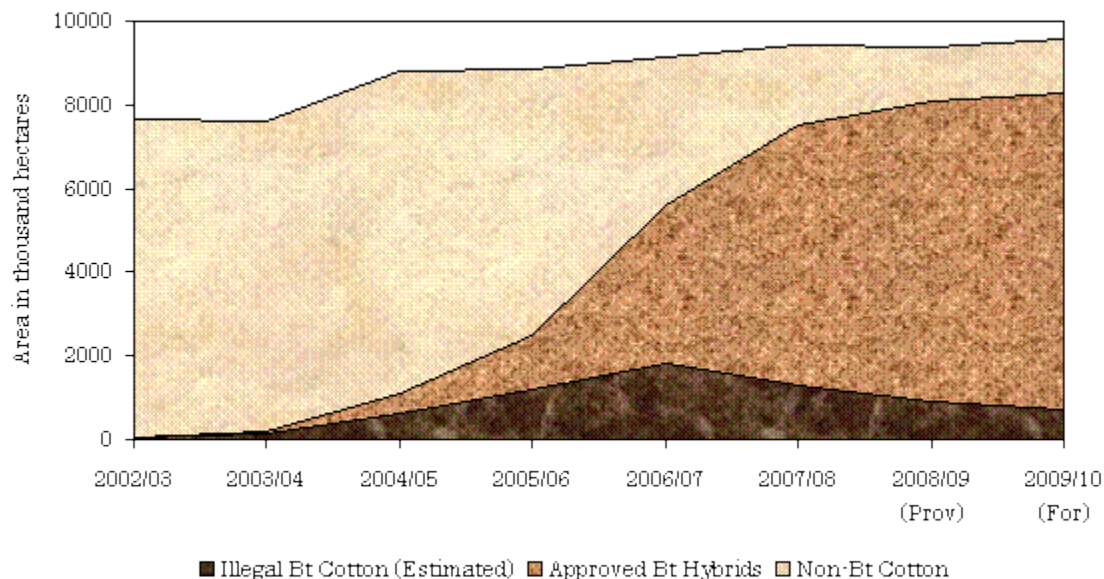
While the private trade (ginners/traders) and textile mills have been strongly advocating the lowering of MSP prices, the government is highly unlikely to lower the MSP due to political compulsions. With forecast bumper MY 2009/10 production, government agencies will have to undertake significant MSP procurement from the beginning of the upcoming season. Industry sources report that government agencies will be under tremendous pressure by June/July to sell cotton and reduce their stocks to manageable levels to enable them to undertake the MSP operation in the upcoming season. Given the reports that the quality of government stocks may not be good, government agencies will have to offer price incentives for liquidating their cotton stocks if the current price parity between local and international cotton remains steady. Consequently, government agencies will have to write off huge costs incurred in procurement, processing and carrying of cotton under the MSP. The new government to be elected in May after the parliamentary elections will have to take a decision on management of government cotton stocks and MSP procurement for the upcoming season.

Bt Cotton – The Success Story

After the 'Green Revolution' in cereal crops in late the 1960's, Bt cotton has been the genesis for the 'Cotton Revolution' in Indian agriculture. Since the introduction of Bt

cotton in 2002, area under Bt cotton has grown remarkably in the short span of seven years. Various empirical studies report significant benefits to farmers from Bt cotton by way of an increase in yields (30-60%) and reduction in the number of pesticide sprays (50 percent) resulting in a 50 to 100 percent increase in profits [10] . Improved availability and better quality of the raw material provides the Indian textile industry with a competitive edge in the global market. Remarkable benefits from Bt cotton has spurred political support for biotechnology among Indian farmers, industry, and policy makers.

Figure 3: Progress of Bt cotton in India



SOURCE: Trade Sources

Bt cotton area in MY 2008/09 is estimated at 8.1 million hectares, and is forecast to increase to 8.3 million hectares, accounting for almost 87 percent of forecast total cotton area. Industry sources expect that the Bt cotton share will stabilize at around 90 percent of total cotton area. Due to the significant reduction in seed prices of approved Bt cotton varieties, a wider choice of approved Bt hybrids and growing awareness about the reliability and benefits of approved Bt seeds, cotton farmers are rapidly shifting from unapproved Bt seeds to approved Bt cotton seeds. Farmers are evaluating various Bt cotton hybrid varieties for factors such as better germplasm (higher yield potential), improved Bt technology (stacked gene events) and adequate availability of seeds.

Since 2002, the Government of India (GOI) approved five events and over 280 hybrids for commercial cultivation in different agro-climatic regions. In May 2008, the Genetic Engineering Approval Committee (GEAC) granted approval to a new Bt event developed by

the Central Institute of Cotton Research (CICR), and incorporated in a popular cotton variety *Bikaneri Narma*. With this, Bt technology has been for the first time introduced in a varietal background whereby farmers can save the seeds. The Bt seeds of the CICR event will be available to farmers for planting in the upcoming 2009/10 season.

Most of the approved Bt cotton hybrids are from two Monsanto events, including the Bollgard II (stacked gene event) that provides protection against a wider range of bollworm pest. Indian cotton farmers have a wider choice of Bt cotton hybrids as they increasingly adopt higher yielding Bt hybrids (better germplasm or improved Bt technology like BG-II) among range of available approved Bt hybrids.

Approval of Bt Events and Hybrids for Commercial Cultivation

Year	Events	No. of Hybrid Varieties
2002/03	MMBL's Bollgard I	Three
2003/04	MMBL's Bollgard I	Three
2004/05	MMBL's Bollgard I	Four
2005/06	MMBL's Bollgard I	Twenty
2006/07	MMBL's Bollgard I & II; JK Seed's Event 1, and Nath Seeds GFM Event	Sixty Two
2007/08	MMBL's Bollgard I & II; JK Seed's Event 1, and Nath Seeds GFM Event	One hundred and sixty two
2008/09	MMBL's Bollgard I & II; JK Seed's Event 1, Nath Seeds GFM Event, and CICR Event	Two Hundred and Eighty One

According to industry sources [11], in addition to the approved varieties, there are several (about fifty) Bt cotton hybrids, illegally developed, multiplied and marketed by farmers and seed companies, which are available at cheaper rates vis-à-vis approved hybrids.

However, area under unapproved Bt cotton seed has been rapidly declining since 2006 after seed companies were forced to slash the Bt cotton seed prices by state governments.

The price differential between approved and unapproved Bt hybrids has declined significantly and farmers prefer to plant approved Bt hybrid seeds due to the higher risk associated with production from unapproved Bt cotton seeds.

The success of Bt cotton is resulting in a significant change in the varietal profile and share of different types of cotton produced in India. As most of the Bt hybrids are of medium and long staple cotton (26 to 32 mm), there is an increasing shortage of domestic cotton

of short staple (below 22 mm) and extra long staple (35 mm and above). If the current trend continues, the domestic textile industry may have to augment their short staple cotton requirements through imports which they are already doing in the case of extra long staple cotton.

[1] Market arrivals, through April 11, 2009, are estimated at 20.4 million bales vis-à-vis 22.3 million bales for the comparable period last year.

[2] India's second largest crop to date.

[3] Industry sources estimate cotton area to peak at 9.8 million hectares.

[4] Bt cotton in India is nearly all hybrid cotton varieties, which have better yield potential due to better germplasm vis-à-vis traditional varieties. With the successful adoption of Bt cotton, the share of hybrid cotton has expanded from 30-35 percent in pre-Bt cotton era to about 85 percent. The expansion in area under hybrid cotton varieties coupled with lower crop losses due to the Bt technology has supported the phenomenal yield gains of the recent years.

[5] The cost of Bt and hybrid cotton seeds (Rs. 750 per acre) significantly higher than traditional varieties (Rs. 200-400 per acre). Higher investment at the time of planting encourages farmers to follow better crop management practices.

[6] There are about 5.5 million cotton farmers with the average size of holding of less than a hectare which limits their ability to adopt capital intensive production technologies and infrastructure.

[7] Report from the working group on textile and jute industry for the 11th five year plan (2007-2012) <http://www.txcindia.com>.

[8] For more information, refer Cotton Quarterly Update-December (IN8140)

[9] MSP operations in MY 2007/08 were minimal as market prices were higher than the MSP in most purchase centers. The highest government procurement (CCI's MSP and Maharashtra Monopoly procurement) was recorded in MY 2004/05 at an estimated 5.1 million bales.

[10] Source: James Clive, "Global Status of Commercialized Biotech/GM Crops: 2007", ISAA Brief 37

[11] No official estimates are available for the number of illegal Bt hybrids and area under illegal Bt cotton.

Consumption:

Cotton consumption in MY 2009/10 is forecast to recover to 18.5 million bales (4.0 million tons) on expected improvement in domestic and export demand for textiles and sufficient domestic supplies (see Table 1). With the value of the Indian rupee vis-à-vis U.S. dollar expected to remain steady at the current low [1], industry sources expect recovery in export demand for Indian textiles. Expected continued growth in the Indian population and economy [2] should support domestic demand for textile.

Post's MY 2008/09 consumption estimate is revised marginally upward to 17.3 million bales (3.9 million tons) based on the latest monthly consumption figures (Table 4) and information from market sources.

After robust growth for three consecutive years, India's cotton consumption faltered in MY 2008/09 due to a slowdown in export demand and high cotton prices. However, the recent strong depreciation in the value of Indian rupee vis-à-vis the U.S. dollar since the beginning of 2009 has resulted in a revival in export demand. There has been a recovery in exports of cotton yarn and textiles since February, resulting in a lowering of their inventories to manageable levels and improvement in production activities. Industry sources report a recovery in prices of cotton yarn and textiles since March 2008, which should improve the prospects for domestic consumption. Industry sources expect cotton consumption to recover further in MY 2009/10 on continued growth in the economy, an expanding middle

class and a strong rural economy. Consequently, MY 2009/10 consumption is forecast to increase by about 6 percent to 18.5 million bales.

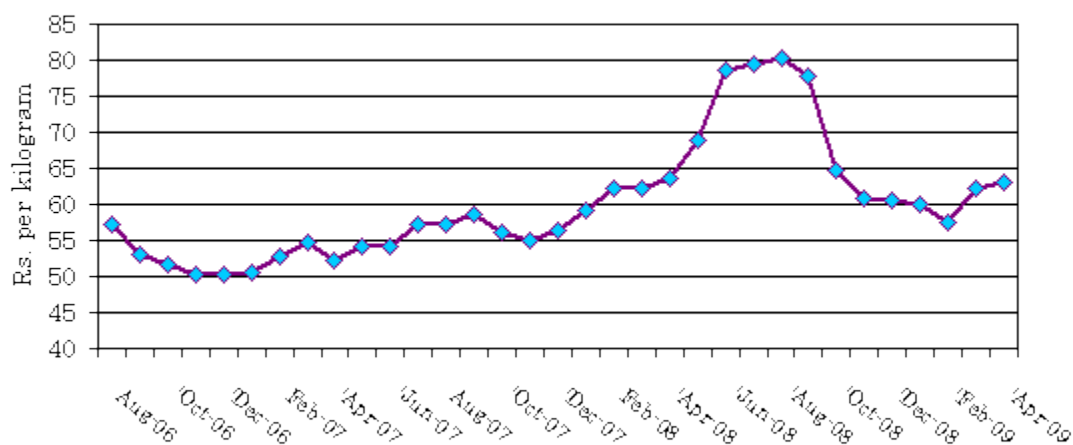
Cotton's share in the textile industry's total fiber use (Table 13) in Indian fiscal year (IFY) 2008/09 (April/March) is estimated to increase to 59.5 percent due to relatively higher cotton prices vis-à-vis man-made fiber (MMF) during most of 2008. However, prices of man-made fibers have sharply declined since November/December 2008, while cotton prices have gained in recent months. Assuming the current relative price ratio remains stable in the future, cotton's share in total fiber use is estimated to decrease by one percent to 58.5 percent in IFY 2009/10.

Due to tropical weather conditions and tradition, cotton is the preferred fiber in India. However, poly-cotton blends are becoming increasingly popular in India due to their durability and ease of maintenance under tropical conditions. Mills are increasingly shifting their cotton/polyester blends in favor of polyester. Future growth in cotton usage is likely to be determined by the relative prices of cotton vis-à-vis MMFs.

Prices

The government's MSP operations steadied the domestic cotton prices during MY 2008/09 despite weak international cotton prices and bumper production (Table 6). Nevertheless, current prices of most cotton varieties are 18 to 25 percent lower than last year's record ending prices.

Figure 4: Shankar -6 Cotton Prices



Prices of the most commonly traded varieties are currently ranging between 58 to 60 cents per lb. While the domestic cotton prices during the upcoming MY 2009/10 should closely follow the international cotton price movement, prices are expected to be steady on sufficient domestic supplies.

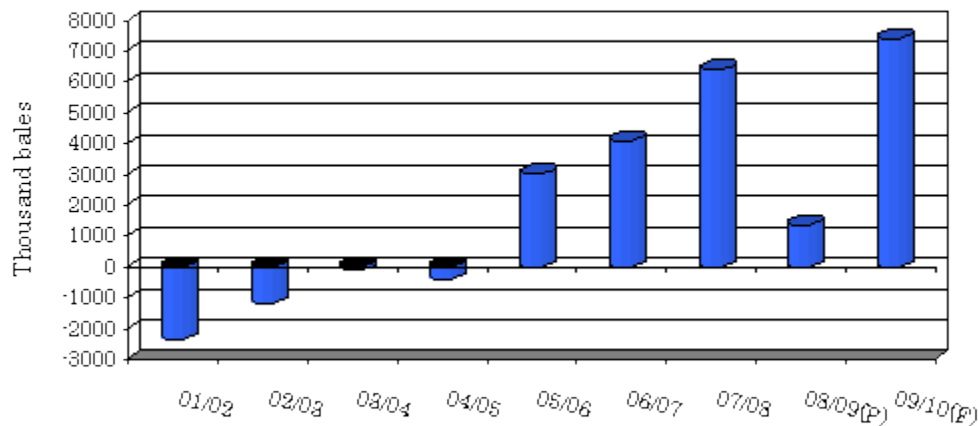
^[1] Value of the Indian rupee vis-à-vis US Dollars has depreciated by over 30 percent from Rs. 39.4 in January 2008 to Rs. 52.0 by March, 2009.

^[2] Due to the global recession, the growth of the Indian economy has slowed down from 9.0 percent in 2007/08 to an estimated 7.0 percent in 2008/09 and may grow at 5-6 percent in 2009/10. As per the latest census, Indian population has been growing at 1.8 percent per annum.

Trade:

After emerging as the second largest exporter of cotton behind the U.S. for two consecutive years, India's cotton exports during MY 2008/09 faltered as the high MSP made Indian cotton uncompetitive in the international market. India may re-emerge as a major player in the international market in MY 2009/10 as cotton production is forecast to decline in most exporting countries.

Fig 5: Indian Net Cotton Trade



Post forecast's cotton exports in MY 2009/10 to increase to a record 7.8 million bales (1.7 million tons) on forecast sufficient domestic supplies and the weak Indian rupee vis-à-vis other currencies (see Table 1). Imports in MY 2009/10 are forecast at 390,000 bales (85,000 tons), mostly extra long staple (ELS) and some short staple cotton to augment declining local supplies of ELS and short staple cotton. However, the relative price of local cotton vis-à-vis world cotton and the quality of domestic cotton during the upcoming season may temper these forecast trade volumes.

Post's MY 2008/09 export estimate has been lowered to 2.0 million bales (0.4 million tons) based on available official estimates for the first four months of the marketing year and information from trade sources [1]. Official export registration with the Textile Commissioner's Office indicate that about 1.54 million bales have been registered for export from August 2008 to March 2009, of which only about 790,000 bales have been shipped. Major export destinations have been Bangladesh, Pakistan, China and other Far-east countries. The export registrations during the months of February/March have been reported at 0.8 million bales for delivery through May, 2009. Market sources report that export prospects for Indian cotton have improved since February, 2009 due to the decline in the value of Indian rupee vis-à-vis the U.S. dollar. Assuming current price parity between Indian cotton vis-à-vis other origin remains stable, MY 2008/09 exports are expected to reach 2.0 million bales due to strong exports during the coming months.

Post's MY 2008/09 import estimate has been revised higher to 625,000 bales based on available official statistics for the first four months of the marketing year. Most of the imports have been ELS and some short staple cotton from the U.S., Egypt, and West Africa. Based on the revised official statistics, MY 2007/08 imports have been revised higher to 600,000 bales.

^[1] Official export figures are available for four months of the MY 2007/08, i.e., August –November 2008 (see table 6).

Stocks:

Due to near record production and low off take (both export and domestic), MY 2008/09 ending stocks will balloon to an estimated record 11.8 million bales. These stocks are more than sufficient for eight months consumption against the normal stocks of 3-4 months of the consumption requirement (see table 1). Industry sources estimate that more than half of the stocks will be with government agencies, some of which may have quality issues.

Forecast strong recovery in exports and consumption will drawdown the MY 2009/10 ending stocks marginally lower to 10.9 million bales, still more than sufficient for the seven month consumption requirement.

Policy:

Production Policy

Various central and state government agencies and research institutions are engaged in cotton varietal development, seed distribution, crop surveillance, and integrated pest management, extension and marketing activities. In 1999, the central government launched the Technology Mission on Cotton (TMC) to improve the availability of quality cotton at reasonable prices. The goal of the TMC is to focus on bringing about improvement in the production, productivity and quality of cotton through research, transfer of technology and improvement in the marketing and raw cotton processing sectors.

The GOI establishes minimum support prices (MSP) for cotton at the beginning of every marketing season. The Cotton Corporation of India (CCI), a government organization, is responsible for price support operations in all states. Typically, market prices remain well above the MSP, but for the MY 2008/09 when the government hiked the MSP significantly. Government agencies purchase seed cotton at the MSP, and sell the processed cotton at market prices, and the losses incurred in the operation are borne by the government exchequer.

Since the launch of futures trading in cotton by the East India Cotton Association in 1998, three commodity exchanges have futures operation in cotton. However, it is believed that cotton futures have not gained enough volume to affect the market.

In 1999, the Ministry of Textiles launched the Technology Upgradation Fund Scheme (TUFS) that provides an interest subsidy on loans intended to modernize the textile industry. At the end of December 2008, more than Rs. 579 billion (\$11.6 billion) loans had been disbursed under the TUFS to nearly 23,500 textile units. In 2007, the government launched the Scheme for Integrated Textile Parks to provide the textile industry with world-class infrastructure facilities. The government has so far approved 40 parks with an estimated investment of Rs. 214.8 billion (\$4.3 billion). The central government also has several ongoing schemes for development of specific sectors like handlooms, power looms etc [1]. Additionally, several state governments supplement the central government efforts by supporting development schemes including tax incentives, subsidies, etc for the textile industry in their respective states.

Trade Policy

On July 8, 2008, the Government of India removed the import duty (14.7 percent) on cotton [2]. The tariff levels on cotton textile products (Table 21) remained unchanged in the 2009 Indian budget that is effective for IFY 2009/10 (April/March).

On July 22, 2008, the Ministry of Commerce issued a notification [3] that imposes the condition that states "The contracts for exports of cotton shall be registered with the Textile

Commissioner prior to shipment. Clearance of cotton consignments by customs should be done after verifying that the contracts have been registered.”

This was done to enable the government to monitor India's exports of cotton as well as the domestic cotton supply situation. Earlier, export statistics were made available to the government with a lag of 4-6 months after physical exports since the Directorate General of Commercial Intelligence takes some time in collecting, compiling and tabulating the custom statistics from each port

On February 17, 2009, the government announced the *Vishesh Krishi Gram Upaj Yojana* [4] (VKGUY) benefit to exports of raw cotton to encourage cotton exports and liquidate burdensome cotton stocks from the domestic market. The benefits have been extended on a retrospective basis for cotton exports from April 1, 2008 to June 30, 2009, wherein exporters are entitled to a five percent duty credit scrip on the FOB value, which can be traded and used for availing a duty relief for imports. The Indian textile industry has strongly opposed the move as the policy to subsidize cotton exports will give undue benefit to their competitors from China, Pakistan, Bangladesh and Indonesia in the global cotton textile market. However, market sources believe that the government may extend the June 30, 2009 deadline further through the MY 2009/10 season if the current price parity between the domestic and international market does not change substantially in favor of exports.

With the expiration of the MFA in January 2005, Indian exports of all textile products have been liberalized. In an effort to promote the export of value-added cotton textiles, the GOI provides various incentives. Export oriented units (EOUs) and firms importing against an advance license receive a duty drawback (zero duty for EOUs, and duty discounts for others) on imports of raw materials for the export of value-added goods. Under the “Export Promotion Capital Goods” plan, imports of capital goods and machinery are allowed at reduced duty rates against export obligations (zero duty for a 100 percent EOU).

In the recent annual supplement to the foreign trade policy, the government announced that textile and leather product exporters will get direct government assistance of 2% of their FOB value of exports to the U.S. and E.U as duty free scrip's. The scheme will be effective for the period April August 2009 and a sum of Rs. 32.5 million (\$0.65 million) has been allotted for the scheme.

[1] For more information on TUFS and other central government schemes for the textile industry, refer the website of Office of the Textile Commissioner <http://www.txcindia.com/> and review various schemes in the heading 'Progress of Central Schemes'.

[2] <http://www.cbec.gov.in/customs/cs-act/notifications/notfns-2k8/cs84-2k8.htm>

[3] No 26(RE-2008)/2004-09 <http://164.100.9.245/exim/2000/not/not08/not2608.htm>

[4] Special Agriculture & Village Produce Scheme

Marketing:

India should be in the cotton export market for the next few (3-4) years, until domestic consumption catches up with production. Most exports are expected to be of medium-to-long staple cotton (25 to 32 mm length) to neighboring countries, China, and Far East countries. Post expects India to continue to import ELS and quality long staple cotton (28-34 mm), with occasional imports of short staple cotton (below 22 mm) when international prices are favorable. The United States has been the leading supplier of cotton to India over the past few years, but volumes have declined in recent years on sufficient domestic supplies.

Indian mills importing U.S. Pima and upland cotton are appreciative of its quality and consistency. However, U.S. cotton faces severe competition from neighboring suppliers like

Egypt, West Africa, the Commonwealth of Independent States (CIS), and Australia due to their freight advantage and shorter delivery periods.

Production, Supply and Demand Data Statistics:

SECTION II: Statistical Tables

Table 1: Commodity, Cotton-480 lb bales, PSD

Cotton India	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Aug 2007			Market Year Begin: Aug 2008			Market Year Begin: Aug 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Area Planted	0	9,439	9,439	0	9,373	9,373			9,580
Area Harvested	9,439	9,439	9,439	9,350	9,373	9,373			9,580
Beginning Stocks	7,664	7,665	7,664	7,384	7,355	7,504			11,829
Production	24,600	24,600	24,600	23,000	23,000	23,000			25,000
Imports	450	450	600	450	500	625			390
MY Imports from U.S.	0	0	0	0	0	0			0
Total Supply	32,714	32,715	32,864	30,834	30,855	31,129			37,219
Exports	7,030	7,030	7,030	2,000	3,500	2,000			7,800
Use	18,300	17,160	17,160	17,000	16,000	16,200			17,200
Loss	0	1,170	1,170	0	1,100	1,100			1,250
Total Dom. Cons.	18,300	18,330	18,330	17,000	17,100	17,300			18,450
Ending Stocks	7,384	7,355	7,504	11,834	10,255	11,829			10,969
Total Distribution	32,714	32,715	32,864	30,834	30,855	31,129			37,219
Stock to Use %	29	30	31	62	53	65			44
Yield	567.	567.	567.	536.	534.	534.			568.

Note: 1. Area in thousand hectares, Other PSD numbers in thousand 480 lb.

2. Note: Production figures in the table include 937,000 bales of loose cotton.

Table 2: Commodity, ELS Cotton - 35mm staple length and above

Units : 480 lbs bales	2006/07 Final	2007/08 Final	2008/09 Revised	2009/10 Forecast
Beginning Stocks	59400	51450	51450	21950
Production	156000	156000	140500	135000
Imports	265500	250000	175000	230000
Total Supply	480900	457450	366950	386950
Exports	0	0	0	0
Domestic Consumption	429450	406000	345000	375000
Ending Stocks	51450	51450	21950	11950
Total Distribution	480900	457450	366950	386950

Source: Trade sources

Table 3A: Area, Production & Yield of Cotton in Major States

(Area 000 ha; Production 000 bales, Yield kg/ha)

		Final 2003/04	Final 2004/05	Final 2005/06	Final 2006/07	Final 2007/08	Revised 2008/09	Forecast 2009/10
STATE								
Maharashtra	Area	2766	2840	2889	3107	3194	3133	3200
	Production	2420	4060	2811	3904	4841	4997	5075
	Yield	191	311	212	274	330	347	345
Gujarat	Area	1647	1906	2077	2390	2422	2417	2400
	Production	3904	5700	6949	8042	8745	7222	8433
	Yield	516	651	728	733	786	651	765
Madhya Pradesh	Area	591	576	600	639	630	655	650
	Production	1534	1249	1405	1484	1640	1405	1405
	Yield	565	472	510	505	567	467	471
Punjab	Area	452	509	557	607	604	537	550
	Production	808	1288	1562	1874	1718	1405	1796
	Yield	389	551	610	672	619	570	711
Haryana	Area	526	621	583	530	483	455	500
	Production	898	1210	1015	1171	1249	1171	1249
	Yield	372	424	379	481	563	560	544
Rajasthan	Area	344	438	472	350	339	223	300
	Production	714	859	859	703	703	586	781
	Yield	452	427	396	437	451	572	567
Andhra Pradesh	Area	837	1178	1037	972	1138	1345	1350
	Production	2139	2538	2499	2811	3592	4138	4138
	Yield	557	469	525	630	687	670	667
Karnataka	Area	313	521	450	378	402	390	400
	Production	328	625	508	468	625	625	625

	Yield	228	261	246	270	338	349	340
Tamil Nadu	Area	103	129	136	100	119	120	120
	Production	293	429	429	390	390	390	390
	Yield	619	725	688	850	714	708	708
Others	Area	51	68	72	71	108	98	110
	Production	78	78	78	78	156	156	172
	Yield	333	250	236	239	315	347	340
Loose	Production	859	937	937	937	937	937	937
All-India	Area	7630	8786	8873	9144	9439	9373	9580
	Production	13976	18973	19051	21862	24595	23033	25001
	Yield	399	470	467	521	567	535	568

Note: Statewise break-up for loose cotton is not available.

Table 3B: Planting Season, Irrigation, and Cotton Type by Major Region

REGION	STATES	COTTON GROWN	PLANTING SEASON & IRRIGATION STATUS
North	Punjab, Haryana, Rajasthan	Medium & Short Staple	End April-May/ Largely Irrigated
Central	Gujarat, Maharashtra, Madhya Pradesh	Medium & Long Staple	Mid June-July (after onset of monsoon)/Largely rainfed
South ^{/1}	Andhra Pradesh, Karnataka, Tamil Nadu	Long & Extra Long Staple	August-September/Largely rainfed

Note: ^{/1} -There is also a small summer cotton crop planted in January-February in Tamil Nadu.

Table 4: Cotton Consumption - Mills and Small Spinning Sectors- by Months
(Million US Bales)

Month\Year	2005/06	2006/07	2007/08	2008/09
Aug	1.350	1.402	1.448	1.376
Sept	1.186	1.400	1.408	1.324
Oct	1.206	1.353	1.430	1.268
Nov	1.178	1.391	1.323	1.301
Dec	1.277	1.444	1.473	
Jan	1.281	1.423	1.448	
Feb	1.190	1.336	1.416	
Mar	1.342	1.436	1.441	
Apr	1.278	1.410	1.404	
May	1.312	1.397	1.480	
Jun	1.309	1.394	1.448	

Jul	1.361	1.438	1.444	
TOTAL	15.268	16.823	17.163	5.269

Note: Figures in bold are provisional estimates.

Source: The Textile Commissioner's Office, Government of India (GOI).

Table 5: Month-End Prices of Popular Varieties

(Rupees per Ton)

Year	ICS 201	ICS 202	ICS 106	ICS 107	ICS 109	ICS 110
	Bengal Deshi	SG J-34	H-4	Shankar-6	MCU-5	DCH-32
	below 22 mm	25 mm	28 mm	29 mm	33 mm	35 mm
<i>2007/08</i>						
<i>Aug</i>	43870	53150	55400	57360	63270	89980
<i>Sept</i>	43870	52020	56520	58490	63270	89980
<i>Oct</i>	42740	50050	53990	56240	63270	80140
<i>Nov</i>	47240	51740	52430	55120	58490	80140
<i>Dec</i>	47800	52870	54270	56520	59900	80140
<i>Jan</i>	47800	54550	56520	59050	61300	82670
<i>Feb</i>	47240	56800	59050	62140	63550	87170
<i>Mar</i>	53430	56800	59900	62140	68050	87170
<i>Apr</i>	54550	57930	61860	63550	68890	87170
<i>May</i>	65800	68610	66080	68890	73390	89980
<i>June</i>	69170	77610	78450	78740	81550	92800
<i>July</i>	70300	77050	78740	79580	84640	93640
<i>2008/09</i>						
<i>Aug</i>	75360	74520	79020	80140	82960	91390
<i>Sept</i>	70020	68050	77330	77890	81550	89980
<i>Oct</i>	74520	60740	63830	64680	69740	88580
<i>Nov</i>	71143	55396	60458	60739	68331	84360
<i>Dec</i>	73112	57646	59052	60458	65801	78736
<i>Jan</i>	72549	59052	58771	59895	63551	78736
<i>Feb</i>	64676	56240	55959	57365	61301	74518
<i>Mar</i>	64113	60739	59333	62145	64676	90265
<i>Apr 9</i>	64113	63270	59052	62989	65238	90265

Source: Cotton Association of India (Formerly East India Cotton Association), Mumbai.

Table 6: Commodity, Cotton, Import Trade Matrix

Country	India				
Commodity	Cotton				
Period	August-July	Units	480 lb bales		
	2006		2007		2008 1/
U.S.A.	145049	U.S.A.	187561	U.S.A.	64356
Bangladesh	85346	Egypt A Rep	180254	Uzbekistan	45640
Egypt A Rep	73808	Bangladesh	85713	Tanzania	36376
Burkina FASO	25312	Burkina FASO	18170	Egypt A Rep	33749
Benin	23107	Benin	14004	Burkina FASO	27002
Australia	15643	Senegal	13485	Bangladesh	24963
Sudan	13609	Sudan	12548	Pakistan	24462
Cameroon	10908	Turkmenistan	11014	Mali	12199
Indonesia	8047	Austria	8887	Greece	9030
Turkmenistan	7849	China	8529	Turkmenistan	5971
Mali	7473	Australia	8203	Israel	5792
Total of top 10	271101	Total of top 10	360806	Total of top 10	225182
Others not listed	52424	Others not listed	59520	Others not listed	40826
GRAND TOTAL	468574	GRAND TOTAL	607886	GRAND TOTAL	330364

1/ MY 2008 data are August to November 2008.

Note: Figures include non-spinnable cotton waste not included in the PS&D.

Source: Directorate General of Commercial Intelligence & Statistics (DGCIS), GOI.

Table 7: Commodity, Cotton, Export Trade Matrix

Country	India				
Commodity	Cotton				
Period	August-July	Units	480 lb bales		
	2006		2007		2008 1/
USA	7941	USA	4680	USA	96
China Rep.	2084867	China Rep.	3628009	China Rep.	168918
Pakistan	787203	Pakistan	1530681	Bangladesh	22795
Turkey	400208	Indonesia	450767	Thailand	15542
Indonesia	260327	Bangladesh	273159	Belgium	9893
Thailand	228107	Vietnam	255261	Chinese Taipei	8272
Hongkong	176712	Thailand	191837	Indonesia	6641
Vietnam	172528	Chinese Taipei	178122	Vietnam	5672
Bangladesh	161657	Turkey	146813	German F. Rep.	5387
Chinese Taipei	129111	Hongkong	129952	Japan	5250
Korea RP	34240	Malaysia	76027	Pakistan	4147
Total of top 10	4434962	Total of top 10	6860628	Total of top 10	252519
Others not listed	269958	Others not listed	221131	Others not listed	15905
Total	4712861	Total	7086439	Total	268520

1/ MY 2008 data are August to November, 2008.

Note: Figures include non-spinnable cotton waste not included in the PS&D.

Source: Directorate General of Commercial Intelligence & Statistics (DGCIS), GOI.

Table 8: Growth of the Indian Textile Industry

Item\Year	1991/92	1995/96	2000/01	2005/06	2006/07	2007/08	2008/09
Organised Mills @							
Spinning	846	1294	1565	1570	1608	1597	1651
Composite	271	275	281	210	200	176	177
Exclusive Weaving	na	172	203	204	204	179	184
Small Scale Spinning Units @	na	750	996	1173	1236	1219	1247
Power Loom Units ('000s) @	na	326	374	434	438	463	482
Spindles (millions)@	27.82	31.75	37.91	37.51	39.5	39.07	41.31
Rotors ('000s)@	113	226	454	520	601	621	658
Looms ('000s)@	169	148	140	92	88	71	71
Power Loom ('000s) @	na	1365	1662	1944	1990	2106	2158
Spun Yarn Prod (mil kg)							
Cotton Yarn	1450	1894	2267	2521	2824	2948	2895
Other Spun Yarn	356	591	893	937	989	1055	1003
Man-made Filament Yarn Prod (mil kg)	na	493	920	1179	1371	1509	1405
Man-made Fibre Prod (mil kg)	342.1	498.4	904.3	968.1	1139.6	1244.7	1039.5
Fabric Production (mil sq m)							
Cotton	14647	18900	19718	23873	26238	27205	26900
Blended	2712	4025	6351	6298	6882	6888	7050
100% non-cotton (inc	5229	9033	14187	19406	20269	21943	21760

Khadi/wool/silk)							
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Notes: @ - As on end of the Indian fiscal year (31st March).

NA- not available.

2008/09 are Post estimate based on official estimates for April 2008 to January 2009.

Source: The Textile Commissioner's Office, GOI.

Table 9: Production of Spun Yarn
(Fiber-Wise, Million kg)

Year/1	COTTON	BLENDED	100% NON-COTTON	TOTAL
1995	1894	395	196	2485
2000	2267	646	247	3160
2001	2212	609	280	3101
2002	2177	585	319	3081
2003	2121	589	342	3052
2004	2272	585	366	3223
2005	2521	588	349	3458
2006	2824	635	354	3813
2007	2948	677	378	4003
2008 (E)	2895	645	358	3898

Notes: /1: Year 2008 refers to Indian fiscal year 2008/09 (April-March)

E- Post estimate based on official estimates for April 2008 to January 2009..

Source: The Textile Commissioner's Office, GOI

Table 10: Production of Manmade Fiber

(Million Kg.)

Year/1	Viscose	Acrylic	Polyester	Poly-Propylene	TOTAL
1995	194	74	228	1.9	498.4
2000	236	99	566	2.3	904.3
2001	185	95	551	2.4	833.9
2002	225	105	582	2.5	914.5
2003	221	117	613	2.7	953.3
2004	248	128	644	2.9	1022.6
2005	229	108	628	3.1	968.1
2006	247	97	792	3.5	1139.6
2007	280	81	880	3.4	1244.7
2008 (E)	231	80	725	3.5	1039.5

Notes: /1: Year 2008 refers to Indian fiscal year 2008/09 (April-March)

E- Post estimate based on official estimates for April 2008 to January 2009..

Source: The Textile Commissioner's Office, GOI

Table 11: Production of Manmade Filament Yarn

(Million Kg)

Year/1	VISCOSE	POLYESTER	NYLON	POLY-PROPLENE	TOTAL
1995	61	376	42	15	494
2000	55	820	26	19	920
2001	48	866	28	20	962
2002	51	995	30	24	1100
2003	53	1013	31	21	1118
2004	54	1004	35	16	1109
2005	53	1076	37	14	1179
2006	54	1271	32	13	1371
2007	51	1420	28	11	1509
2008 (E)	42	1320	28	15	1405

Notes: /1: Year 2008 refers to Indian fiscal year 2008/09 (April-March)

E- Post estimate based on official estimates for April 2008 to January 2009.

Source: The Textile Commissioner's Office, GOI

Table 12: Production of Fabric

(Fiber-wise, Square Meters)

Year/1	COTTON	BLENDED	KHADI/WOOL/SILK	100% NON-COTTON	TOTAL
1995	18900	4025	498	8535	31958
2000	19718	6351	581	13606	40256
2001	19769	6287	644	15334	42034
2002	19300	5876	662	16135	41973
2003	18040	6068	662	17613	42383
2004	20655	6032	693	17998	45378
2005	23873	6298	769	18637	49577
2006	26238	6882	724	19545	53389
2007	27205	6888	768	21175	56036
2008 (E)	26900	7050	760	21000	55710

Notes: /1: Year 2008 refers to Indian fiscal year 2008/09 (April-March)

E- Post estimate based on official estimates for April 2008 to January 2009.

Source: The Textile Commissioner's Office, GOI

Table 13: Consumption of Major Fibers/Yarns by the Textile Industry
(Million Kgs)

Year/1	Cotton	Cotton	Man-made Fibre	Man-made Filament	Total
	Qty	% Share	Qty	Qty	Qty/2
1995	2295	66.6	557	488	3446
2000	2721	58.8	889	878	4630
2001	2701	57.7	863	970	4682
2002	2699	55.6	915	1089	4853
2003	2652	54.2	940	1146	4890
2004	2886	56.0	978	1137	5155
2005	3222	58.4	954	1182	5514
2006	3580	59.6	1023	1258	6011
2007	3707	58.8	1087	1363	6307
2008 (E)	3550	59.5	940	1325	5965

Notes: /1: Year 2008 refers to Indian fiscal year 2008/09 (April-March)

/2: Total Yarn includes small quantity of other natural yarns - silk, wool, etc.

E- Post estimate based on official estimates for April 2008 to January 2009.

Source: The Textile Commissioner's Office, GOI

Table 14: Prices of Raw Cotton and Other Fibers

(Rupees/Kg)

Period	Raw Cotton Fibre	Viscose Staple Fibre	Polyester Staple Fibre	Acrylic Staple Fibre
	(wtd avg)	(avg)	(avg)	(avg)
March 1990	18.15	38.63	70.40	75.50
March 1995	60.58	76.53	104.55	106.00
March 2000	47.75	78.14	63.34	80.25
March 2001	51.25	86.43	57.43	88.57
March 2002	38.12	80.51	51.51	84.95
March 2003	53.82	84.66	69.25	89.98
March 2004	58.10	87.62	76.22	95.00
March 2005	42.38	91.89	78.95	106.75
March 2006	45.14	90.73	77.12	88.25
March 2007	53.13	100.05	70.84	109.25
March 2008	60.78	115.82	62.24	109.25
March 2009	61.75	104.2	65.00	109.25

Note: Prices are average of weekly prices for the month.

Source: The Textile Commissioner's Office, GOI.

Table 15: Per Capita Availability of Cloth in India

(Meters)

Year/1	Cotton	Blended/Mixed	100% Non-Cotton	Total
1980	12.8	2.2	2.3	17.3
1990	15.1	3.0	6.1	24.1
1995	16.3	3.5	8.2	28.0
2000	14.2	4.5	12.0	30.7
2001	14.8	4.7	12.5	32.0
2002	14.4	4.4	12.6	31.4
2003	13.4	4.5	13.1	31.0
2004	14.1	4.1	15.3	33.5
2005	16.4	15.4	4.3	36.1
2006	17.9	17.0	4.7	39.6
2007	18.3	18.2	4.8	41.4
2008 (P)	-	-	-	40.5

Notes: /1: Year 2008 refers to Indian fiscal year 2008/09 (April-March)

P – Provisional estimate; fabric-wise breakup is not available.

Source: The Textile Commissioner's Office, GOI.

Table 16: India's Exports of Textile Items

(Million US\$)

Item	2005	2006	2007	2008 1/	2007 2/
Cotton Textiles Yarn/Fabric/Madeups	4,077	4,223	4,565	1,912	1,779
Man-made Textiles Yarn/Fabric/Madeups	2,018	2,292	2,960	1,431	1,135
Wool Textiles Yarn/Fabric/Madeups	87	83	94	45	37
Silk Textiles Yarn/Fabric/Madeups	411	416	371	137	150
Other Textiles Yarn/Fabric/Made-up	599	537	675	337	273
Ready-made Garments Cotton/MMF/Silk/Wools/etc	8,643	8,894	9,694	4,285	4,034
Other Textile Items Carpets, floor covering, etc	1,289	1,384	1,491	612	988
Total	17,125	17,830	19,851	8,758	8,396

Notes:

- Year 2007 refers to Indian fiscal year 2007/08 (April-March)
- 2008 1/ refers to the period of April-Aug 2008, i.e., first 5 months of IFY 2008/09
- 2007 2/ refers to the period of April-Aug 2007, i.e., first 5 months of IFY 2007/08

Source: 1. DGCIS, GOI.

2. The Textile Commissioner's Office

Table 17: Exports of Ready-made Garments from India

(Million US\$)

Item	2005	2006	2007	2008 1/	2007 2/
Cotton	6480	6808	7404	3108	3103
Man-made	1086	1002	1053	489	452
Silk	196	194	185	79	65
Wool	371	345	352	200	151
Others	509	545	700	410	263
TOTAL	8643	8894	9694	4285	4034

Notes:

- Year 2007 refers to Indian fiscal year 2007/08 (April-March)
- 2008 1/ refers to the period of April-Aug 2008, i.e., first 5 months of IFY 2008/09
- 2007 2/ refers to the period of April-Aug 2007, i.e., first 5 months of IFY 2007/08

Source: 1. DGCIS, GOI.

2. The Textile Commissioner's Office

Table 18: Commodity, Export Trade Matrix, Cotton Yarn

(Metric Tons)

Country	2006	2007	2008 1/	2007 2/
USA	13560	9610	5,120	3,540
KOREA RP	74810	58790	24,710	22,730

BRAZIL	5690	18550	30,210	1,820
BANGLADESH	72610	102120	45,550	26,570
CHINA	42750	26290	14,450	11,270
EGYPT	41190	39370	20,440	17,930
HONG KONG	20370	14180	6,470	7,120
ITALY	31310	26480	10,200	11,140
ISRAEL	16860	13580	0	0
MAURITIUS	19050	15680	4,750	7,350
SRI LANKA	16440	15540	6,010	5,590
PORTUGAL	22730	26790	6,820	10,350
TURKEY	18960	64290	9,230	26,460
PERU	8570	28760	10,180	8,670
JAPAN	16030	12490	4,910	4,370
TAIWAN	13070	12380	5,660	5,170
GERMANY	15980	13330	6,430	4,730
RUSSIA	11000	14960	5,530	5,920
OTHERS	147,060	145,360	65,110	60,770
Total	608,040	658,550	281,780	241,500

Notes:

- Year 2007 refers to Indian fiscal year 2007/08 (April-March)
- 2008 1/ refers to the period of April-Aug 2008, i.e., first 5 months of IFY 2008/09
- 2007 2/ refers to the period of April-Aug 2007, i.e., first 5 months of IFY 2007/08

Source: 1. DGCIS, GOI.

2. The Cotton Textile Export Promotion Council, GOI

Table 19: Export Trade Matrix, Cotton Fabrics

(Metric Tons)

Country	2006	2007	2008 1/	2007 2/
USA	57550	48340	21930	20910
UAE	42960	40590	22500	17730
SRI LANKA	48630	55970	17100	17100
BANGLADESH	33080	55890	4960	4960
ITALY	33370	26970	12320	12320
UK	23250	14740	6370	6370
BENIN	17190	32850	11240	11630
TOGO	22000	23380	8300	9980
GERMANY	17080	17220	6670	8440
TURKEY	17870	21280	7880	10370
TANZANIA	14530	17810	12650	11630
BELGIUM	16960	11210	4490	5740
NIGER	15810	18800	0	0
SENEGAL	28430	27400	19300	13390
OTHERS	313690	295850	157830.00	133920
TOTAL	702,400	708,300	313,540	284,490

Notes:

- Year 2007 refers to Indian fiscal year 2007/08 (April-March)
- 2008 1/ refers to the period of April-Aug 2008, i.e., first 5 months of IFY 2008/09
- 2007 2/ refers to the period of April-Aug 2007, i.e., first 5 months of IFY 2007/08

Source: 1. DGCIS, GOI.

2. The Cotton Textile Export Promotion Council, GOI

Table 20: Export Trade Matrix, Cotton Madeups - Finished Goods

(Metric Tons)

Country	2006	2007	2008 1/	2007 2/
USA	404000	307090	198,490	136,250
UK	72710	63770	26490	27860
GERMANY	52420	42270	18550	19740
FRANCE	41840	37740	13950	16970
ITALY	37840	28700	12420	13470
SPAIN	87710	18590	7890	8170
NETHERLAND	24040	19380	8280	8830
UAE	28790	29650	13140	12010
JAPAN	21110	18650	8470	8000
CANADA	21900	19310	7950	8060
SOUTH AFRICA	25780	17470	6560	8060
SWEDEN	20350	16030	6620	8330
AUSTRALIA	20540	17280	8860	7420
BELGIUM	19490	21290	7940	8240
DENMARK	9440	8700	3670	3590
NORWAY	6810	5320	2110	2430
OTHERS	141180	187550	62550	55740
Total	1,035,950	858,790	413,940	353,170

Notes:

- Year 2007 refers to Indian fiscal year 2007/08 (April-March)
- 2008 1/ refers to the period of April-Aug 2008, i.e., first 5 months of IFY 2008/09
- 2007 2/ refers to the period of April-Aug 2007, i.e., first 5 months of IFY 2007/08

Source: 1. DGCIS, GOI.

2. The Cotton Textile Export Promotion Council, GOI

Table 21: Existing Import Policy and Tariffs/Duties for Cotton/Cotton Textiles

Commodity Code	Description of Comm.	Policy /1	Basic Duty Rate /2	CVD Rate /3	Special CVD /4	Education Cess/5	Total Duty /6
HC 52.01	Cotton-not carded or combed	OGL	0	0	0	0	0
HC 52.02	Cotton Waste	OGL	15	0	4	3	20.068
HC 52.03	Cotton-carded or combed	OGL	30	0	4	3	36.136
HC 52.04	Cotton Sewing Thread	OGL	10	/3	4	3	/6
HC 52.05	Cotton Yarn - 85 percent or more cotton	OGL	10	/3	4	3	/6
HC 52.06	Cotton Yarn - less than 85 percent cotton	OGL	10	/3	4	3	/6
HC 52.07	Cotton Yarn for Retail Sale	OGL	10	/3	4	3	/6

HC 52.08	Cotton Fabric - 85 percent or more cotton Weighing less than 200gm/sq.m	OGL	Mostly 10 /7	/3	0	/4	/6
HC 52.09	Cotton Fabric -85 percent or more cotton weighing more than 200gm/sq.m	OGL	Mostly 10 /8	/3	0	/4	/6
						/4	
HC 52.10	Cotton Fabric - less than 85 percent cotton weighing less than 200gm/sq.m	OGL	Mostly 10 /9	/3	0	/4	/6
						/4	
HC 52.11	Cotton Fabric - less than 85 percent cotton weighing more than 200gm/sq.m	OGL	Mostly 10 /10	/3	0	/4	/6
						/4	
HC 52.12	Other Cotton Fabric	OGL	Mostly 10 /11	/3	0	/4	/6

Notes:

/1 : OGL(Open General License)- No restrictions on imports.

/2 : Most goods of the under Chapter 52 get a tariff concession up to 50 percent of the effective basic duty on imports from less developed countries (LDC) members of SAPTA - Bangladesh, Nepal, Bhutan and Maldives.

/3 : CVD (Countervailing Duty) = local excise taxes + Central Cess applied on CIF value of good plus Basic Duty.

Local excise tax rate = 4.12 % for items not containing synthetic fiber or 8.24 % for items containing synthetic fiber

Central Cess under Textile Com Act, 1963 = 0.05%

/4: Special CVD = 4 percent applied on CIF Value of Good plus Basic Duty plus CVD plus Education Cess. However, cotton fabrics are exempted from Special CVD.

/5 : Education Cess = 2+1 percent of the Basic duty + CVD.

However, education cess exempted in case of items under the HS codes 5208.41, 5208.42, 5208.49, 5208.51, 5208.52, 5208.53, 5208.59, 5209.41, 5209.42, 5209.49, 5209.51, 5209.52, 5209.59, 5210.41, 5210.42, 5210.49, 5210.51, 5210.52, 5210.59, 5211.41, 5211.42, 5211.59, 5212.15, 5212.24, 5212.25.

/6: Total Applicable Duty computation

A: CIF Value of Good

B: Basic Duty = Basic Duty Rate x CIF Value

C : CV Duty = CVD Rate x (A+B)

where CVD Rate = Excise Tax Rate + Central Cess

D : Spl CVD = Spl CVD Rate x (A+B+C)

E: Education Cess = 3% of (B+C+D)

Total Applicable Duty = B+C+D+E

/7: Basic Duty on 5208.39 is 10% or rs. 150/kg whichever is higher

on 5208.41 is 10% or rs. 9/sq meter

on 5208.42 is 10% or rs. 37/sq meter

on 5208.49 is 10% or rs. 200/kg

on 5208.51 is 10% or rs. 27/sqmeter

on 5208.52 is 10% or rs. 23/sqmeter

on 5208.59 is 10% or rs. 50/sqmeter

/8 : Basic Duty on 5209.31-39 is 10% or rs. 150/kg

on 5209.41 is 10% or rs. 32/sqmeter

on 5209.43 is 10% or rs. 30/sqmeter

on 5209.49 is 10% or rs. 150/kg
on 5209.51-52 is 10% or rs. 30/sqmeter
on 5209.59 is 10% or rs. 38/sqmeter
/9 : Basic Duty on 5210.39 is 10% or rs. 150/kg
on 5210.41 is 10% or rs. 15 /sqmeter
on 5210.49 is 10% or rs. 185/kg
on 5210.51-59 is 10% or rs. 15/sqmeter
/10: Basic Duty on 5211.31-39 is 10% or rs. 150/kg
on 5211.41 is 10% or rs. 44/sqmeter
on 5211.42 is 10% or rs. 18 per sqmeter
on 5211.43 is 10% or rs. 40/sqmeter
on 5211.49 is 10% or rs. 150/kg
on 5211.51-59 is 10% or rs. 18/sqmeter
/11: Basic Duty on 5212.15 and 5212.25 is 10% or rs. 165/kg
on 5212.24 is 10% or rs. 20/sqmeter

Author Defined: Extra Long Staple Cotton

The Indian cotton textile industry largely depends on imports to meet their consumption needs for extra long staple (ELS) cotton as domestic ELS cotton production is on a steady decline. ELS cotton is used for the production of quality yarn, fabric, and dress material, mostly for exports, and for a small but growing high-end domestic market segment.

Extra long staple (ELS) cotton production in MY 2009/10 is forecast lower at 135,000 bales (see Table 2) as the increase in the MSP for ELS cotton (DCH-32) has been lower than competing long staple varieties (Bunny, Brahma, other 30-34 mm varieties) [1] . Consequently, ELS cotton farmers are expected to shift to long staple varieties such as Bunny and Brahma (30-34 mm) as these varieties give higher and stable yields.

There are very few Indian cotton varieties (DCH-32, TCH-213, and *Suvin* grown mostly in southern India) that meet international ELS specifications. The fiber quality and yields of these varieties have deteriorated in recent years causing marketing problems and lower returns to growers. Therefore, farmers are increasingly shifting to long staple varieties, which have higher yields and fewer quality problems. Local mills use the long staple varieties for blending with imported ELS cotton for production of quality yarn and fabric. Efforts to improve the productivity of ELS parent lines have been met with limited success.

India's MY 2009/10 ELS cotton consumption is forecast to recover to 375,000 bales on expected improvement in demand for finer count yarns and fabrics, both for export and for the domestic market. Since most of the consumption requirements are met through imports, MY 2009/10 imports are forecast higher at 230,000 bales. MY 2008/09 consumption is revised lower to 345,000 bales due to poor export demand for finer count yarns and fabrics. Imports have been revised lower to 175,000 bales as mills curtailed consumption.

Textile Industry

India is the second largest producer of textiles and garments after China and has a share of 3.9 percent in the global textile trade. The textile industry is largely cotton based contributing about 12 percent to the country's total export earnings, 11 percent of industrial production, 4 percent to GDP and provides direct employment to over 33.17 million people,

the second largest employment generator after agriculture [2] . Post MFA (2005/06), the textile industry had been progressing well for three consecutive years on sufficient raw material supplies, and strong export and domestic demand. However, the textile industry has been facing severe challenges since late 2007 due to an increase in the price of raw material, depressed global demand for textiles, and other infrastructure problems. Consequently, growth in the production of textiles is estimated to come down in IFY 2008/09 compared to last year (Tables 8-12)

The sharp weakening of value of the Indian rupee since February 2009 has improved export price realization in rupee terms. Consequently, industry sources report an improvement in export demand for textile products. Export demand for Indian textiles is expected to recover in IFY 2009/10 provided the Indian rupee remains stable. Domestic demand for textiles is expected to grow on continued strong growth in the economy and an expanding population. Consequently, industry sources expect a turnaround in the textile industry, with the production in IFY 2009/10 forecast to increase by 4-5 percent over the previous year.

The Indian textile industry includes both an "organized" sector (large-scale spinning units and composite mills) and an "unorganized" sector (small-scale spinning units, power looms, handlooms, hosiery units). More than 95 percent of yarn is produced in the organized sector. The weaving industry is mainly supplied by the unorganized sector, with power looms accounting for 60 percent, handlooms for 18 percent, and hosiery units for 17 percent of total cloth production. The organized sector weaving mills account for the remaining 5 percent of cloth production.

After three consecutive years of steady double digit growth, cotton textile exports in the first five months of IFY 2008/09 slowed down to 4 percent (Table 16). While official statistics are not available, market sources report a significant decline in exports from August 2008 onwards, and total exports during IFY 2008/09 may decline by 5-6 percent over last year. However, there has been a resurgence in export demand since March 2009 and textile export prospects are expected to improve in IFY 2009/10.

Cotton madeups account for the major share of cotton textile exports followed by cotton yarn, and cotton fabric (Tables 18-20). Indian textile exports are typically targeted at the lower quality end of the international market. A few modern integrated textile units are now focusing on exports of finer count yarns, fabric, and branded garments for the upper segment of the world market. Leading textile groups are making significant investments in modern equipment and in further integration in the post MFA-era (after January 2005).

^[1] See India Cotton Quarterly Update – December, 2008 (IN8140)

^[2] Source: Confederation of Indian Industries <http://www.citiindia.com/>